



Special Attention of:

NOTICE PDR-2005-02

Regional Directors, Field Office Directors,
Economists, Public & Indian Housing
Division Directors, Multifamily Hub Directors,
Multifamily Program Center Directors

Issued: February 11, 2005
Expires: Effective until superseded

Cross References:

Subject: Transmittal of Fiscal Year 2005 Income Limits
for the Public Housing and Section 8 Programs

This notice transmits revisions in the income limits used to define the terms "very low-income" and "low-income" in accordance with Section 3(b)(2) of the United States Housing Act of 1937, as amended. These income limits are listed by dollar amount and family size.

Public Housing/Section 8 income limits are used to determine the income eligibility of applicants for the Public Housing, Section 8, and other programs subject to Section 3(b)(2). The revised income limits are based on HUD estimates of median family income for Fiscal Year 2005.

The most important statutory provisions relating to income limits are as follows:

- low-income is defined as 80 percent of the median family income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs;
- very low-income is defined as 50 percent of the median family income for the area, subject to specified adjustments for areas with unusually high or low incomes;
- 30 percent of the area median income is defined as an income targeting standard in the 1998 Act Amendments to the Housing Act of 1937; to avoid inconsistencies with other income limits, it is defined as 60 percent of the four-person family very low-income limit, adjusted for family size, but not allowed to fall below the state Supplemental Security Income (SSI) benefit level for one-person households;

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- where the local median family income is less than the state non-metropolitan median family income, income limits are based on the state non-metropolitan median; and,
- income limits are adjusted for family size so that larger families have higher income limits.

Very Low-Income Limits:

Very low-income limits are calculated using a set of formula relationships. The first step in calculating very low-income limits is to calculate what they would be if the four-person limit is based on 50 percent of the estimated area median family income. Adjustments are then made if this number is outside formula constraints.

More specifically, the very low-income limit for a four-person family is calculated as follows:

- (1) 50 percent of the area median family income is calculated and tentatively set as the four-person family income limit;
- (2) a minimum four-person income limit is calculated as the amount required to afford a two-bedroom unit renting at 85 percent of the Fair Market Rent (FMR) if 35 percent of income is used for rent (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to the median income);
- (3) a maximum four-person income limit is calculated as the greater of 80 percent of the U.S. median family income or the income needed to afford a two-bedroom unit renting at 100 percent of the Fair Market Rent (FMR) if 30 percent of income is used for rent (this adjusts income limits downward for areas with unusually high incomes and relatively moderate rental housing costs);
- (4) to minimize program management problems, income limits are not allowed to fall below previous year levels in areas where FMR reductions would have resulted in lower income limits; and,
- (5) in no instance are income limits less than if based on the state non-metropolitan median family income level (even if the step 2 calculation produces a lower amount).

Low-Income Limits:

Most four-person low-income limits are the higher of 80 percent of the area median family income or 80 percent of the state non-metropolitan median family income level. Because the very low-income limits are not always based on 50 percent of median, however, calculating low-income limits as 80 percent of median would produce anomalies inconsistent with statutory intent (e.g., very low-income limits could be higher than low-income limits). To eliminate this problem, the normal calculation is to set the four-person low-income limit at 1.6 (i.e., 80 percent/50 percent) times the relevant four-person very low-income limit. The only exception to this practice is that the resulting income limit is not allowed to exceed the U.S. median family income level (\$58,000 for Fiscal Year 2005) except when justified by high housing costs. Use of very low-income limits as a starting point for calculating other income limits has the effect of adjusting low-income limits in areas where the very low-income limits have been adjusted because of unusually high or low housing-cost-to-income relationships.

Family Size Adjustments:

By statute, family size adjustments are required to provide higher income limits for larger families and lower income limits for smaller families. The factors used are as follows:

<u>Number of Persons in Family and Percentage Adjustments</u>							
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
70%	80%	90%	Base	108%	116%	124%	132%

Income limits for families with more than eight persons are not included in the printed lists because of space limitations. For each person in excess of eight, 8 percent of the four-person base should be added to the eight-person income limit. The nine-person income limit, for example, is set at 140 (132 + 8) percent of the relevant four-person income limit. All income limits are rounded to the nearest \$50 to reduce administrative burden.

Income Limit Area Definitions:

HUD has not yet implemented new OMB metropolitan and micropolitan area definitions released in mid-2003. HUD Section 8 income limits are established in accordance with Section 8 of the U.S. Housing Act of 1937, as amended. HUD is required by statute to publish revisions to Section 8 FMRs and area definitions in proposed form for public comment prior to implementing any proposed changes. The Fiscal Year 2005 Income Limit area definitions used in this notice reflect old Office of Management and Budget (OMB) Metropolitan Statistical Area (MSA) and Primary Metropolitan Statistical Area (PMSA) definitions.

HUD has used OMB definitions to define income limits areas because they closely correspond to housing market area definitions. The only current exceptions are counties deleted from six metropolitan areas whose previously revised OMB definitions encompassed areas that

were determined to be larger than the housing market areas. These counties have been assigned their own income limits based on county-level data. The six metropolitan areas and the respective counties deleted from them are as follows:

AREA Counties Deleted from OMB Definition

Chicago, IL:

DeKalb, Grundy and Kendall Counties

Cincinnati-Hamilton, OH-KY-IN:

Brown County, Ohio; Gallatin, Grant and Pendleton Counties in Kentucky; and Ohio County, Indiana

Dallas, TX:

Henderson County

Flagstaff, AZ-UT:

Kane County, Utah

New Orleans, LA:

St. James Parish

Washington, DC-MD-VA-WV:

Berkeley and Jefferson Counties in West Virginia; and Clarke, Culpeper, King George and Warren Counties in Virginia

HUD Field Office Responsibilities:

HUD field offices with assisted housing program functions are responsible for maintaining records of income limits for areas within their jurisdiction. Notification of income limit revisions should be promptly distributed to program participants, and field offices should be prepared to make income limits available to the public upon request.

Requests from the public for sets of national or regional income limits may be referred to the HUD USER Reference Service, whose toll-free number is 1-800-245-2691. In addition, Fiscal Year 2005 income limits are available in multiple formats on the World Wide Web (www.huduser.org/datasets/il.html). Questions related to how these income limits apply to the programs of state and other federal agencies should be referred to those agencies. Questions concerning the methodology used to develop these income limits are addressed in the Fiscal Year 2005 Income Limits Briefing Material, which is posted on the income limits website.

If you have questions concerning these income limits, please contact your Field Office economist.

John C. Weicher
Assistant Secretary for
Housing-Federal Housing
Commissioner, H

Michael M. Liu
Assistant Secretary for
Public and Indian Housing, P

Attachments

STATE: IOWA

-----I N C O M E L I M I T S-----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Audubon County FY 2005 MFI: 46600	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Benton County FY 2005 MFI: 59900	12600	14400	16150	17950	19400	20850	22300	23700
30% OF MEDIAN	20950	23950	26950	29950	32350	34750	37150	39550
VERY LOW INCOME	33550	38350	43150	47900	51750	55600	59400	63250
Boone County FY 2005 MFI: 59550	12500	14300	16100	17900	19300	20750	22150	23600
30% OF MEDIAN	20850	23800	26800	29800	32150	34550	36900	39300
VERY LOW INCOME	33400	38150	42900	47700	51500	55300	59100	62950
Bremer County FY 2005 MFI: 60650	12750	14550	16400	18200	19650	21100	22600	24050
30% OF MEDIAN	21250	24250	27300	30350	32750	35200	37600	40050
VERY LOW INCOME	34000	38850	43700	48550	52450	56350	60200	64100
Buchanan County FY 2005 MFI: 54300	11400	13050	14650	16300	17600	18900	20200	21500
30% OF MEDIAN	19000	21700	24450	27150	29300	31500	33650	35850
VERY LOW INCOME	30400	34750	39100	43450	46900	50400	53850	57350
Buena Vista County FY 2005 MFI: 49700	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Butler County FY 2005 MFI: 50650	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Calhoun County FY 2005 MFI: 50150	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Carroll County FY 2005 MFI: 56300	11800	13500	15200	16900	18250	19600	20950	22300
30% OF MEDIAN	19700	22500	25350	28150	30400	32650	34900	37150
VERY LOW INCOME	31550	36050	40550	45050	48650	52250	55850	59450
Cass County FY 2005 MFI: 48750	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Cedar County FY 2005 MFI: 59300	12450	14250	16000	17800	19200	20650	22050	23500
30% OF MEDIAN	20750	23700	26700	29650	32000	34400	36750	39150
VERY LOW INCOME	33200	37950	42700	47450	51250	55050	58850	62600
Cerro Gordo County FY 2005 MFI: 55350	11650	13300	14950	16600	17950	19300	20600	21950
30% OF MEDIAN	19350	22150	24900	27700	29900	32100	34300	36550
VERY LOW INCOME	31000	35450	39900	44300	47850	51400	54950	58500

STATE: IOWA

-----I N C O M E L I M I T S-----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Emmet County								
FY 2005 MFI: 49400								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Fayette County								
FY 2005 MFI: 48100								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Floyd County								
FY 2005 MFI: 49350								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Franklin County								
FY 2005 MFI: 54300								
30% OF MEDIAN	11400	13050	14650	16300	17600	18900	20200	21500
VERY LOW INCOME	19000	21700	24450	27150	29300	31500	33650	35850
LOW-INCOME	30400	34750	39100	43450	46900	50400	53850	57350
Fremont County								
FY 2005 MFI: 55500								
30% OF MEDIAN	11650	13300	15000	16650	18000	19300	20650	22000
VERY LOW INCOME	19450	22200	25000	27750	29950	32200	34400	36650
LOW-INCOME	31100	35500	39950	44400	47950	51500	55050	58600
Greene County								
FY 2005 MFI: 49700								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Grundy County								
FY 2005 MFI: 55900								
30% OF MEDIAN	12750	14600	16400	18250	19700	21150	22600	24100
VERY LOW INCOME	21300	24300	27350	30400	32850	35250	37700	40150
LOW-INCOME	34050	38900	43800	48650	52550	56400	60300	64200
Guthrie County								
FY 2005 MFI: 52850								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Hamilton County								
FY 2005 MFI: 54750								
30% OF MEDIAN	11600	13250	14950	16600	17900	19250	20550	21900
VERY LOW INCOME	19350	22100	24900	27650	29850	32050	34300	36500
LOW-INCOME	30950	35400	39800	44250	47800	51300	54850	58400
Hancock County								
FY 2005 MFI: 53200								
30% OF MEDIAN	11350	13000	14600	16250	17550	18850	20150	21400
VERY LOW INCOME	18950	21650	24350	27050	29200	31400	33550	35700
LOW-INCOME	30300	34600	38950	43300	46750	50200	53650	57150
Hardin County								
FY 2005 MFI: 50400								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Harrison County								
FY 2005 MFI: 54600								
30% OF MEDIAN	11450	13100	14750	16400	17700	19000	20300	21600
VERY LOW INCOME	19100	21850	24550	27300	29500	31650	33850	36050
LOW-INCOME	30600	34950	39300	43700	47150	50650	54150	57650

STATE: IOWA

-----I N C O M E L I M I T S-----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Muscatine County FY 2005 MFI: 57900								
30% OF MEDIAN	12150	13900	15650	17350	18750	20150	21550	22950
VERY LOW INCOME	20250	23150	26050	28950	31250	33600	35900	38200
LOW-INCOME	32400	37050	41700	46300	50050	53750	57450	61150
O'Brien County FY 2005 MFI: 51450								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Osceola County FY 2005 MFI: 49800								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Page County FY 2005 MFI: 50400								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Palo Alto County FY 2005 MFI: 50350								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Plymouth County FY 2005 MFI: 60850								
30% OF MEDIAN	12800	14600	16450	18250	19750	21200	22650	24100
VERY LOW INCOME	21300	24350	27400	30450	32850	35300	37750	40150
LOW-INCOME	34100	39000	43850	48700	52600	56500	60400	64300
Pocahontas County FY 2005 MFI: 48350								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Poweshiek County FY 2005 MFI: 55900								
30% OF MEDIAN	11750	13400	15100	16750	18100	19450	20800	22150
VERY LOW INCOME	19550	22350	25150	27950	30200	32400	34650	36900
LOW-INCOME	31300	35800	40250	44700	48300	51900	55450	59050
Ringgold County FY 2005 MFI: 40950								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Sac County FY 2005 MFI: 48650								
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Shelby County FY 2005 MFI: 54500								
30% OF MEDIAN	11450	13100	14700	16350	17650	18950	20250	21600
VERY LOW INCOME	19100	21800	24550	27250	29450	31600	33800	35950
LOW-INCOME	30500	34900	39250	43600	47100	50600	54050	57550
Sioux County FY 2005 MFI: 55400								
30% OF MEDIAN	11650	13300	14950	16600	17950	19300	20600	21950
VERY LOW INCOME	19400	22150	24950	27700	29900	32150	34350	36550
LOW-INCOME	31000	35450	39900	44300	47850	51400	54950	58500

STATE: IOWA

-----I N C O M E L I M I T S-----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Story County FY 2005 MFI: 66650	14000	16000	18000	20000	21600	23200	24800	26400
30% OF MEDIAN	23350	26650	30000	33350	36000	38650	41300	44000
VERY LOW INCOME	37350	42700	48000	53350	57650	61900	66150	70450
Tama County FY 2005 MFI: 52400	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Taylor County FY 2005 MFI: 44500	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Union County FY 2005 MFI: 50100	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Van Buren County FY 2005 MFI: 43600	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Wapello County FY 2005 MFI: 47200	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Washington County FY 2005 MFI: 54850	11550	13200	14800	16450	17800	19100	20400	21750
30% OF MEDIAN	19200	21950	24700	27450	29600	31800	34000	36200
VERY LOW INCOME	30750	35150	39550	43900	47450	50950	54450	57950
Wayne County FY 2005 MFI: 42600	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Webster County FY 2005 MFI: 52800	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600
Winnebago County FY 2005 MFI: 56750	11950	13650	15350	17050	18400	19750	21150	22500
30% OF MEDIAN	19850	22700	25550	28400	30650	32900	35200	37450
VERY LOW INCOME	31800	36350	40900	45450	49100	52700	56350	60000
Winneshiiek County FY 2005 MFI: 55150	11600	13250	14900	16550	17900	19200	20550	21850
30% OF MEDIAN	19300	22050	24800	27600	29800	32000	34200	36400
VERY LOW INCOME	30900	35350	39750	44150	47700	51250	54750	58300
Worth County FY 2005 MFI: 50150	11250	12850	14450	16100	17350	18650	19950	21250
30% OF MEDIAN	18750	21400	24100	26800	28900	31050	33200	35350
VERY LOW INCOME	30000	34300	38600	42900	46300	49750	53150	56600

STATE: IOWA

-----I N C O M E L I M I T S-----

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
30% OF MEDIAN	11250	12850	14450	16100	17350	18650	19950	21250
VERY LOW INCOME	18750	21400	24100	26800	28900	31050	33200	35350
LOW-INCOME	30000	34300	38600	42900	46300	49750	53150	56600

Wright County

FY 2005 MFI: 52700